

City of Detroit

CITY COUNCIL

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TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Fiscal Analysis Director *LCJ*
Derrick Headd, Fiscal Staff Analyst *DH*

DATE: January 13, 2010

RE: PDD's 2008 PA 198 Tax Abatement Follow-up Report Documents

Attached, please find the follow-up data from the Planning and Development Department (PDD), submitted to Fiscal in December 2009. The two attached spreadsheets, which served as a basis for our analysis of the department's follow-up report on the Public Act 198 abatements, provides details on the PA 198 tax abatements that were deficient in promised jobs and or investment.

Our analysis of this data is in a corresponding report under a separate cover.

Please contact us if we can be of any further assistance.

Attachments

Council Divisions

Auditor General's Office
Warren Palmer, Planning & Development Department
Marja M. Winters, Planning & Development Department
Brian Watkins, Planning & Development Department
Clinton Griffin, Planning & Development Department
Norman White, Chief Financial Officer
Pamela Scales, Budget Director
Linda M. Bade, Chief Assessor
Kim Miller, finance Assessors
Christine Granger, Human Rights
Gwendolyn Cook-Jones, Human Rights
Samuel Owens, Human Rights
Kamau Marable, Mayor's Office

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From: Brian Watkins
To: Headd, Derrick
Date: 12/17/2009 1:01 PM
Subject: Information
Attachments: PA198 Monitoring - Jobs 2008 Report Copy-Calc.xls; PA 198 Report-Investment
Calc 2008.xls

CC: Corley, Irvin
Derrick:

The attached spreadsheets will certainly provide you with the complete information that you require to further your process.

Have a great day.

Companies That Did Not Meet Jobs Benchmarks Per the 2008 Survey

Company Name	Certificate Number	Jobs To Be Retained	Jobs To Be Created	Number of employees 2008	Net Job Loss/Gain	Number of City of Detroit employees 2008	Reason For Jobs Not Being Retained
American Axle & Manufacturing	96-717	3827	170	2353	-1644	395	Change in business conditions
American Axle & Manufacturing	99-722	3504	0	2353	-1151	395	Change in business conditions
Arrow Chemical Products	02-368	17	5	16	-6	6	No reason given
Bing Steel Management, Inc	00-534	57	10	60	-7	24	Auto Production Decrease
Bing Steel Management, Inc	97-565	79	10	48	-41	34	Auto Production Decrease
Bing Steel Management, Inc	96-527	60	28	41	-47	13	Supplier Decreased Production
Caravan Technologies	98-441	24	0	6	-18	6	No Comments
Coca Cola Enterprises	03-227	135	16	137	-14	32	Economy/less production lines
Daimler Chrysler (Jefferson Assembly)	03-574	2690	0	1493	-1197	436	Chgs in eco/mkt conditions
Daimler Chrysler Corporation	02-250	2690	0	964	-1726	157	Chgs in eco/mkt conditions
Daimler Chrysler (New mack Engine I)	00-693	950	0	395	-555	63	Chgs in eco/mkt conditions
Daimler Chrysler (New Mack Engine II)	98-670	600	0	388	-212	62	Chgs in eco/mkt conditions
Daimler Chrysler Corporation	97-642	3855	0	1493	-2362	436	Chgs in eco/mkt conditions
Daimler Chrysler (McGraw Glass)	97-641	900	0				Plant sold-Certificate Cancelled
Daimler Chrysler (Detroit Axle 1374)	97-640	1374	0	964	-410	157	Chgs in eco/mkt conditions
Daimler Chrysler Corporation	97-192	950	0	395	-555	63	Chgs in eco/mkt conditions
Detroit Edge Tool	97-134	63	0	41	-22	6	Change in market conditions
Company Name	Certificate Number	Jobs To Be Retained	Jobs To Be Created	Number of employees 2008	Net Job Loss/Gain	Number of City of Detroit employees 2008	Reason For Jobs Not Being Retained
Detroit Heading	99-306	65	20	81	-3	20	No Comments
Diversified Machine, Inc	06-688	112	13	47	-78	27	Plant Closed 12/31/08
Diversified Machine	97-562	8	18	0	-26	0	Plant Closed 12/31/08
Diversified Machine, Inc	98-725	47	42	47	-42	27	Plant Closed 12/31/08
Diversified Machine, Inc	02-467	171	36	47	-160	27	Plant Closed 12/31/08
Detroit Salt Company	99-310	35	21	47	-9	3	Economic Conditions
Federal Reserve Bank of Chicago	02-159	275	0	129	-146	30	Business and Federal Checking Act 21
General Motors	98-674	4100	0	1517	-2583	393	contemplated production reduction
General Motors	96-192	3800	0	1517	-2283	393	Reduced production levels
Gonzalez Manufacturing Tech	97-655	51	22	8	-65	0	Auto Industry Decline
Ideal Shield	01-440	69	90	33	-126	6	Lack of Work
Ideal Shield	98-312	15	13	33	-5	6	Lack of Work
International Hardcoat	97-546	124	42	98	-68	56	Poor Economic Conditions
JSP International	97-563	21	17	32	-6	15	No Comments
LeMica	98-334	32	18	15	-35	2	Business down 50%
Milano Bakery	98-672	32	18	40	-10	15	Poor Economy
Company Name	Certificate Number	Jobs To Be Retained	Jobs To Be Created	Number of employees 2008	Net Job Loss/Gain	Number of City of Detroit employees 2008	Reason For Jobs Not Being Retained
Piston Automotive	96-338	14	34	4	-44	2	No New Contracts Awarded
PTI Paint Satellite	02-513	160	46	105	-101	49	Auto Industry Slowdown
Rampart Industries	98-159						Expansion never occurred / no report
Ronart Industries	96-711	114	37	26	-125	0	Recession
Ronart Industries	97-699	150	0	26	-124	0	Recession
Roy Smith Company	00-548	23	13	15	-21	2	Recession
Shaw & Slavsky	96-708	95	0	50	-45	7	Economy
Sherwood Foods	05-654	293	30	315	-8	103	Negative Economic Conditions
Sherwood Foods	05-655	293	30	315	-8	103	Negative Economic Conditions
Superb Manufacturing Inc	98-512	341	50	314	-77	179	Auto Production Decline
Technicolor Videocassette of Michigan	03-525	826	46	881	-9	382	No Comments
Verndale Products, Inc.	06-172	44	2	42	-4	21	Sales Down
Vitec	03-571	277	5	271	-11	184	No Comments
Westcott Displays, Inc	96-710	39	3	51	-9	18	No Comments

Companies That Did Not Meet Proposed Investment Benchmarks Per the 2008 Survey

Company Name	Certificate	Original Investment	Investment 2008	Investment	Project	Reason
	Number	Amount	Amount	Increase/Decrease	Complete	Comments
American Axle & Manufacturing	96-717	300,421,186.00	216,638,693.00	(83,782,493.00)	Yes	No Comments
American Axle & Manufacturing	00-692	108,778,608.00	92,406,857.00	(16,371,751.00)	yes	No Comments
American Axle & Manufacturing	02-507	64,493,993.00	50,909,282.00	(13,584,711.00)	yes	No Comments
Arvin Meritor OE, LLC	01-447	1,952,389.00	702,484.00	(1,249,905.00)	yes	Equipment has been retired.
Daimler Chrysler (Jefferson Assembly)	03-574	241,167,000.00	155,436,092.00	(85,730,908.00)	yes	
Daimler Chrysler Corporation	02-250	80,060,500.00	73,139,146.00	(6,921,354.00)	yes	
Daimler Chrysler (New mack Engine I)	00-693	274,000,000.00	239,776,169.00	(34,223,831.00)	yes	
Daimler Chrysler (New Mack Engine II)	98-670	474,500,000.00	349,971,205.00	(124,528,795.00)	yes	
Daimler Chrysler Corporation	97-642	504,534,000.00	205,628,228.00	(298,905,772.00)	yes	
Daimler Chrysler (McGraw Glass)	97-641	1,190,303,000.00	-	(1,190,303,000.00)	no	plant sold
Daimler Chrysler (Detroit Axle 1374)	97-640	157,959,000.00	110,919,327.00	(47,039,673.00)	yes	
Daimler Chrysler Corporation	97-192	475,820,000.00	267,950,425.00	(207,869,575.00)	yes	
				-		
Company Name	Certificate	Original Investment	Investment 2008	Investment	Project	Reason
	Number	Amount	Amount	Increase/Decrease	Complete	Comments
Diversified Machine, Inc	06-688	6,500,000.00	5,490,605.00	(1,009,395.00)	yes	
Diversified Machine, Inc	98-725	18,000,000.00	3,934,769.00	(14,065,231.00)	yes	
Diversified Machine, Inc	02-467	16,300,000.00	9,413,005.00	(6,886,995.00)	yes	
Diversified Machine, Inc	97-562	2,410,459.00	-	(2,410,459.00)	yes	Project Complete
Fitzgerald Finishing	96-339	1,500,000.00	-	(1,500,000.00)	yes	Project Completed in 2004
General Motors	98-674	137,056,283.00	102,611,419.00	(34,444,864.00)	yes	
General Motors	96-192	227,019,000.00	146,933,132.00	(80,085,868.00)	yes	Scope of project reduced in 1998
LeMica	98-334	986,500.00	-	(986,500.00)	yes	No Comments
Company Name	Certificate	Original Investment	Investment 2008	Investment	Project	Reason
	Number	Amount	Amount	Increase/Decrease	Complete	Comments
Rampart Industries	98-159	-	-	-		Expansion Never Occurred / No Report
Sherwood Foods	05-655	9,250,000.00	7,794,279.00	(1,455,721.00)	no	
Sherwood Foods	05-654	5,500,000.00	4,244,192.00	(1,255,808.00)	no	No Comments